

**Office of Consumer Information and Insurance Oversight**

**State Planning and Establishment Grants for the  
Affordable Care Act's Exchanges**

**Reporting Templates**

**Quarterly Project Reports**

**Date:** February 2, 2011

**State:** Arizona

**Project Title:** State Planning & Establishment Grants for the Affordable Care Act's Exchanges

**Project Quarter Reporting Period:** Q1 9/30/10 – 12/31/10

**Example:**

**Quarter 1 (09/30/2010-12/31/2010): Due January 31, 2011**

**Quarter 2 (1/1/2011-3/31/2011): Due April 15, 2011**

**Quarter 3 (4/1/2011-6/30/2011): Due July 15, 2011**

**Quarter 4 (7/1/2011-9/29/2011): Due October 14, 2011**

**Grant Contact Information**

Primary Contact Name: Beth Kohler Lazare

Primary Contact Number: 602.542.1334

Primary Contact Email Address: [bk lazare@az.gov](mailto:bk lazare@az.gov)

Secondary Contact Name: Jason Mistlebauer

Secondary Contact Number: 602.5426435

Secondary Contact Email Address: [jmistlebauer@az.gov](mailto:jmistlebauer@az.gov)

Website (if applicable): N/A

Award number: HBEIE100011-01-00

Date submitted: 9/29/10

**Project Summary**

Please provide a narrative description (about 5-10 sentences) describing your progress so far in planning activities under each core area. We would like to know what activities you have undertaken to date and what you plan to undertake in the next quarter. Please refer to the Reference section at the end of this template for some examples of what you could include under each core area.

### **Core Areas**

- **Background Research**

Beth Kohler Lazare, the Governor's Deputy Policy Director, wrote a white paper to help initially guide the role of the state on the Patient Protection and Affordable Care Act (PPACA). Also, local stakeholders led by St. Luke's Health Initiatives (SLHI) released *Impact Arizona, Healthcare Reform Hits Arizona*, which assessed the current health care landscape in Arizona and its future with PPACA.
- **Stakeholder Involvement**

Internal state meetings have been held which included Arizona Department of Insurance (ADOI), Arizona Department of Health Services (ADHS), Arizona Health Care Cost Containment System (AHCCCS), and the Governor's Office. The Governor's Office has also conducted preliminary discussions with individual stakeholders, including numerous health insurers, provider organizations, employer groups and advocacy organizations. The Governor's Office has also participated in legislative stakeholder discussions on potential legislation, which included similar representatives. Given the barriers discussed below, a more formal process has not yet begun, but it expected to proceed shortly with the expected hire of an Executive Director. Further, the legislative process will serve as a forum for stakeholder involvement and discussion.
- **Program Integration**

The Governor's Office is working closely with the AHCCCS and ADOI regarding integration opportunities. AHCCCS has developed a scope of work to explore how its eligibility and enrollment system can be used to facilitate enrollment into the exchange, as well as assess any gaps between its current infrastructure and the exchange requirements. Procurement on this work will commence in early Q2. The Governor's Office intends to procure a similar gap analysis regarding how the ADOI regulatory infrastructure could be used for the exchange. ADHS is interested in its Women, Infant, and Children (WIC) program exchanging eligibility data with AHCCCS and Supplemental Nutrition Assistance Program (SNAP) so the state will review any overlap/collaboration potential. Further, the state is exploring opportunities to incorporate the Provider Directory for the Health Information Exchange as a tool for provider choice/selection within the insurance exchange given AHCCCS' clients and providers' involvement in both the Health Insurance and Health Information Exchanges.
- **Resources & Capabilities**

The Governor's Office is reviewing and finalizing dedicated staffing needs for this grant with hires in early Q2. Please also see Stakeholder Involvement section above.
- **Governance**

The State of Arizona is still exploring the many options and possible directions that the exchange can take given the governance model chosen. Further discussions need to take place and additional research needs to be gathered and analyzed before any final decision is made in this area. Legislation has been introduced that establishes a governance structure that includes an executive board. The Governor's Office has participated in the stakeholder discussions regarding the development of this legislation, and continues to provide feedback regarding governance structure.
- **Finance**

Finance discussions are forthcoming.

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES  
REPORTING TEMPLATES**

OMB #0938-1101

- **Technical Infrastructure**

Please see the Program Integration section above. An analysis of both AHCCCS and ADOI technical infrastructure is in its preliminary stages and will be procured in Q2. Additional analysis of the technical needs of the exchange will likely begin in Q2.

- **Business Operations**

During the legislative stakeholder meetings, preliminary discussions on the business operations of the exchange were begun. As the bill establishing the governance structure of the exchange moves through the legislative process, further business operations discussions will occur.

- **Regulatory or Policy Actions**

The Legislature is likely to consider legislation establishing an exchange. The Governor's Office has participated in discussions regarding this legislation. However, we expect there to be significant challenges for the passage of that legislation due to political and policy concerns. The Governor's Office will continue to participate in legislative policy discussions as needed, and will provide necessary information to policymakers as they debate the merits of the legislation.

**Barriers, Lessons Learned, and Recommendations to the Program**

Please report on any issues or problems that have impacted the development and implementation of the project during the reporting period. Detail what impact any issues may have on the achievement of project targets, and set out how you plan to tackle these issues.

Normal electoral cycle of state elections and the prioritization within the state of health care reform greatly impacted the progress of this grant and its requirements for Q1. With the election process complete, the State of Arizona can move forward with this planning grant and has revised and updated its original timeline and work plan to accommodate for any deadlines that were earlier established and were not completed.

Also provide any lessons that you have learned during this quarter that you think would be helpful to share with other states as well as any recommendations you have for the program.

N/A

**Technical Assistance**

Please describe in detail any technical assistance needs you have identified through your planning activities. Please be as specific as possible about the kind of assistance needed and the topic areas you need to address. Discuss any plans you have for securing such assistance.

N/A

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES  
REPORTING TEMPLATES**

OMB #0938-1101

**Draft Exchange Budget**

In order to understand state budgetary requirements moving forward, we ask that you provide a draft budget to the extent possible for Federal fiscal years 2011 through 2014. You may specify functional areas as you deem appropriate based on the types of costs you anticipate incurring. Examples of possible functional areas include personnel, other overhead, IT and systems costs, and other operational costs. When developing IT and systems cost estimates, please ensure that you separate costs for updating Medicaid systems from costs for Exchange systems.

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014

The State of Arizona feels that it is still too early for it to even propose a draft budget given its need to conduct further research, data analysis, greater stakeholder involvement, etc. However, the state is aware of the figures that other states have been sharing and discussing amongst themselves. With expectant hiring of a full-time senior staff member soon, the state would like this individual to have the opportunity to review the current status, share insights, and contribute right away which includes this report and the need for a draft exchange budget.

**Work Plan**

We ask that you begin working on a draft work plan for your Exchanges that will carry your planning and implementation efforts through January 1, 2014. On a quarterly basis, we would like to see your progress in developing this plan. We would like you to provide key objectives for implementing your exchange and corresponding milestones under each of these objectives. For your first quarterly report, please provide two milestones under each core area. In your second report, please provide four milestones. For your third report and the final report, we expect your work plan to be as comprehensive as possible.

For each milestone, please provide the following:

- **Name of milestone:**
- **Timing:**
- **Description:**

STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES  
REPORTING TEMPLATES

OMB #0938-1101

States may be creating their own work plan and/or timeline format. Please ensure that you provide the required number of milestones and that your plan goes through January 1, 2014.

Establishment work plan has recently been updated as part of the MIAs and dates for core area deliverables were re-established to better fit our current calendar and situation. Given the State's need to focus on those areas currently a future/tentative work plan through January 2014 will be created.

**Collaborations/Partnerships**

Report on who you are working with outside of your office or department, and any changes or issues in your institutional context and/or any progress or issues with your project partners (where applicable).

- **Name of Partner:** Arizona Health Care Cost Containment System (AHCCCS)
- **Organizational Type of Partner:**
  - Health Department
  - Federally Qualified Health Center
  - Health Maintenance Organization
  - Hospital
  - Private Insurance
  - Employer
  - Employer Group
  - Other (Please specify) state Medicaid program
- **Role of Partner in Establishing Insurance Exchange:** Evaluate its eligibility and enrollment systems along with data analysis given the requirements of the Affordable Care Act (ACA). Also, AHCCCS will provide program and policy support and expertise as needed.
- **Accomplishments of Partnership:** Developed a comprehensive Scope of Work to address its questions and the technical needs of an insurance exchange as related to Medicaid. Currently, an Intergovernmental Service Agreement (ISA) is in process to enable funds to be distributed to AHCCCS.
- **Barriers/Challenges of Partnership:** None to date.

**Collaborations/Partnerships Continued**

- **Name of Partner:** Arizona Department of Insurance (ADOI)
  - **Organizational Type of Partner:**
    - Health Department
    - Federally Qualified Health Center
    - Health Maintenance Organization
    - Hospital
    - Private Insurance
    - Employer
    - Employer Group
    - Other (Please specify) state insurance regulatory agency
  - **Role of Partner in Establishing Insurance Exchange:** Evaluate ADOI's role as a regulatory authority and leverage points for the development of an insurance exchange. ADOI will also provide program and policy support and expertise along with data analysis as needed.
  - **Accomplishments of Partnership:** None to date.
  - **Barriers/Challenges of Partnership:** ADOI does not believe it has resources to participate in this evaluation, even with the availability of grant funding.
- 
- **Name of Partner:** Governor's Office of Health Information Exchange
  - **Organizational Type of Partner:**
    - Health Department
    - Federally Qualified Health Center
    - Health Maintenance Organization
    - Hospital
    - Private Insurance
    - Employer
    - Employer Group
    - Other (Please specify) Health Information Exchange grantee
  - **Role of Partner in Establishing Insurance Exchange:** Will leverage research, stakeholder relationships, and working knowledge of information exchange offerings to assist in the establishment of the insurance exchange.
  - **Accomplishments of Partnership:** One of the core services offered by information exchange will be a provider directory which could have an insurance exchange interface to be used by eligible participants for provider selection i.e. primary care physician.
  - **Barriers/Challenges of Partnership:** None to date.

**PRA Disclosure Statement**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1101. The time required to complete this information collection is estimated to average (433 hours) per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

**Reference – Core Areas**

- **Background Research** – May include research to determine the number of uninsured in the State including, but not limited to, those potentially eligible for the Exchange, and those eligible for Medicaid or their employer's coverage and currently not enrolled.
- **Stakeholder Involvement** – May include a list of the stakeholders within the State who will be involved in the State's decision about whether to operate the Exchange and planning/implementation of the Exchange, including the role proposed for each stakeholder as well as agreements with those stakeholders that may be in place at this time. Developing stakeholder involvement may include a plan to gain public awareness and commitment of key stakeholders through task forces and activities in various venues to obtain stakeholders' input.
- **Program Integration** – May include a description of how an Exchange will build on existing State and Federal programs such as Medicaid and CHIP. This may also include current State activities similar to an Exchange.
- **Resources and Capabilities** – May include an assessment of current and future staff levels, contracting capabilities and needs, and information technology.
- **Governance** – May include planning for a State-run Exchange or an Exchange run by an independent entity. If an Exchange is expected to be State-run, planning could include determinations of where the Exchange would reside, what the governing structure would be, and to what departments or officials it would be accountable. If an Exchange is expected to be established through an independent entity, planning could include the development of the governance structure, appointment process, conflict of interest rules, and mechanisms of accountability. If the State is planning to coordinate with other States for a regional Exchange, activities relating to coordination with other States to establish an Exchange, determine markets, and ensure licensure and consumer protections could be developed.
- **Finance** – May include pathways to developing accounting and auditing standards, mechanisms of transparency to the public, and procedures to facilitate reporting to the Secretary.
- **Technical Infrastructure** – May include the planning for a web portal and/or a call center to meet the increased need for consumer education, the coordination of Medicaid and Exchange-related activities, and the integration of Health Information Exchange standards for program interoperability.
- **Business Operations** – May include plans for eligibility determinations, plan qualification, plan bidding, application of quality rating systems and rate justification, administration of premium credits and cost-sharing assistance, and risk adjustment.
- **Regulatory or Policy Actions** – May include a determination of the scope and detail of enabling legislation and implementing State regulations.